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Auditor-General of South Africa

## Durban Marine Theme Park SOC Limited – audit report: 2015-16

# **Report of the auditor-general to the KwaZulu-Natal Provincial Legislature and the council on the Durban Marine Theme Park SOC Limited**

## **Report on the financial statements**

### **Introduction**

1. I audited the financial statements of the Durban Marine Theme Park SOC Limited (DMTP) set out on pages x to x, which comprise the statement of financial position as at 30 June 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

### **Accounting officer's responsibility for the financial statements**

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Companies Act of South Africa, 2008 (Act No. 71 of 2008) (Companies Act), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor-general's responsibility**

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## **Opinion**

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Durban Marine Theme Park SOC Limited as at 30 June 2016 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the MFMA and the Companies Act.

## **Additional matters**

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

## **Other reports required by the Companies Act**

8. As part of my audit of the financial statements for the year ended 30 June 2016, I have read the directors' report, the audit committee's report and the company secretary's certificate to determine whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports, I have not identified material inconsistencies between the reports and the audited financial statements. I have not audited the reports and, accordingly, I do not express an opinion on them.

## **Unaudited disclosure notes**

9. In terms of section 125(2)(e) of the MFMA the municipal entity is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

## **Report on other legal and regulatory requirements**

10. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

## **Predetermined objectives**

11. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the technical services, village walk, revenues, events, marketing, occupational health and safety standard, stimulating community awareness of the marine environment through education, dolphins shows, penguin and seals presentation, entertainment, and large, small and new exhibit objectives presented in the annual performance report of the entity for the year ended 30 June 2016.

12. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
13. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for Managing Programme Performance Information.
14. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
15. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected objectives.

### **Additional matter**

16. I identified no material findings on the usefulness and reliability of the reported performance information for the selected objectives, I draw attention to the following matter:

#### **Achievement of planned targets**

17. The annual performance report on pages xx to xx for information on the achievement of the planned targets for the year.

### **Compliance with legislation**

18. I performed procedures to obtain evidence that the entity had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

### **Internal control**

19. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

### **Other reports**

20. I draw attention to the following engagements that could potentially have an impact on the entity's financial, performance and compliance-related matters. My opinion is not modified in respect of these engagements that are in progress or have been completed.

## Investigations

21. The city integrity unit performed an investigation at the request of the entity, which covered the period from March 2015. The investigation into an allegation of the unlawful installation of a camera was concluded on 19 November 2015 and all actions sanctioned by the remuneration board committee have been implemented by management.
22. The city integrity unit performed investigations at the request of the entity based on allegations of an irregular promotion and the operation of illegal parking. These investigations were concluded on 29 May 2016 and 29 June 2016, respectively. As there were no findings in the report, no action was required from management.
23. The city integrity unit performed an investigation at the request of the entity based on allegations of payroll mismanagement, non-compliance with municipal by-laws as well as granting access to the park to family member and bringing in food purchased outside the park. These proceedings are currently in progress.

*Auditor - General*

Pietermaritzburg

30 November 2016



